



CITY OF LONG BEACH R-20

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3rd Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

June 21, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP EP16-002 for the purchase and development opportunity at Anaheim Street and Lime Avenue (622-628 East Anaheim Street/1225-1235 Lime Avenue), Assessor Parcel Numbers 7274-002-904, -905, -906, -907 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize the City Manager, or designee, to execute any and all necessary documents, including a Purchase and Sale Agreement (PSA) with CJDT Development Group, LLC, a California limited liability company, or affiliate (Buyer/Developer), for the sale of the Subject Property in the amount of \$500,000; and,

Accept Categorical Exemption CE 16-135. (District 6)

DISCUSSION

The City of Long Beach (City) currently owns the Subject Property located at 622-628 East Anaheim Street/1225-1235 Lime Avenue, prominently positioned at the southwest corner of the intersection of Anaheim Street and Lime Avenue (Exhibit A). The Subject Property is approximately 19,500 square feet improved with a vacant 7,658-foot structure, which includes a 16-unit hotel over retail units (also commonly known as the Art Deco Hotel). Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the Central Long Beach Redevelopment Project Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset. A portion of the property was acquired through funds from the sale of tax-exempt bonds. A portion of these bonds may need to be redeemed upon conveyance of the property.

The RFP was advertised in the Long Beach Press-Telegram on October 8, 2015, and 7,026 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 113 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: www.longbeach.gov/purchasing.

An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Three proposals were received on March 24, 2016. Of those three proposals, none were Minority-owned Business Enterprises (MBEs), one was a Women-owned Business Enterprise (WBE), none were Small Business Enterprises (SBEs), and one was a Long Beach business (Local).

Local Business Outreach

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 744 Long Beach vendors were notified to submit proposals, of which 27 downloaded and one submitted a proposal. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economics consultant, reviewed the three submittals. The panel unanimously selected the proposal submitted by the Buyer/Developer, and is recommending that City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for sale and development of the Subject Property. The project proposed by the Buyer/Developer envisions the ground floor dedicated to two restaurants and the second floor as a fully flexible work space (Project). The adaptive re-use of this art deco structure will be subject to review and approval by the Planning Department regarding any modifications to the art deco elements. The Project offers an integrated use of physical space, creation of economic development on the local level and critical contribution to the City's urban fabric. A project rendering is attached as Exhibit B.

The Buyer/Developer is a California limited liability company based in Temple City. The Buyer/Developer and their team members have extensive experience in development, redevelopment, operation and management of mixed use and commercial projects throughout Southern California. The Purchase Price proposed for the property is \$500,000, or \$25.64 per square foot of land or \$65.29 per square foot of building. This price was not the highest price offered for the property; however, the proposal presented by the Buyer/Developer was determined to be more feasible and provides the best value for the City. Further, the Project proposed offers uses consistent with the intent and vision of the Central Project Area Strategic Guide.

The Buyer/Developer estimates total development costs of \$1.3 million and generating an estimated 10 temporary jobs and 24 permanent jobs.

HONORABLE MAYOR AND CITY COUNCIL

June 21, 2016

Page 3

The Buyer/Developer shall provide an Initial Deposit of \$10,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultant reasonable fees, if any, and such other costs as the City and Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to the Buyer/Developer. At the Close of Escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: CJDT Development Group, LLC.
- Purchase Price: \$500,000.
- Initial Deposit: \$10,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 60 days (2 months) from opening of escrow. Developer will accept the property in an as-is condition and release the City from all liability.
- Close of Escrow/Start Date: 30 days after completion of the Due Diligence Period.

The Buyer/Developer anticipates 10 months to complete Project construction. With this schedule, anticipated occupancy would occur in Summer 2017. The timelines provided above are anticipated timelines and extensions may be required.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-135 (Exhibit C), was completed related to the proposed transaction on May 25, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 26, 2016 and by Revenue Management Officer Julissa Jose-Murray on June 3, 2016.

TIMING CONSIDERATIONS

City Council consideration of this Project is requested on June 21, 2016, to ensure that development on the Subject Property can occur in a timely manner.

FISCAL IMPACT

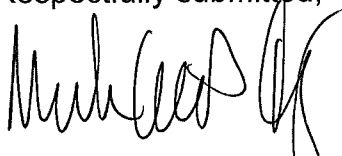
The costs associated with the City's outside attorney and consultant fees, if any, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sales proceeds of \$500,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. If required under the terms of tax-exempt bonds issued for the acquisition of a portion of the Subject Property, proceeds will first be used to redeem the bonds. If not required, the net proceeds available for remittance is estimated to be \$420,000. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former Central Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT



AMY J. BODEK, AICP
DIRECTOR OF
DEVELOPMENT SERVICES

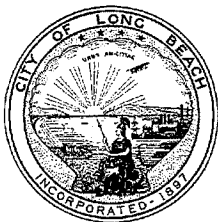
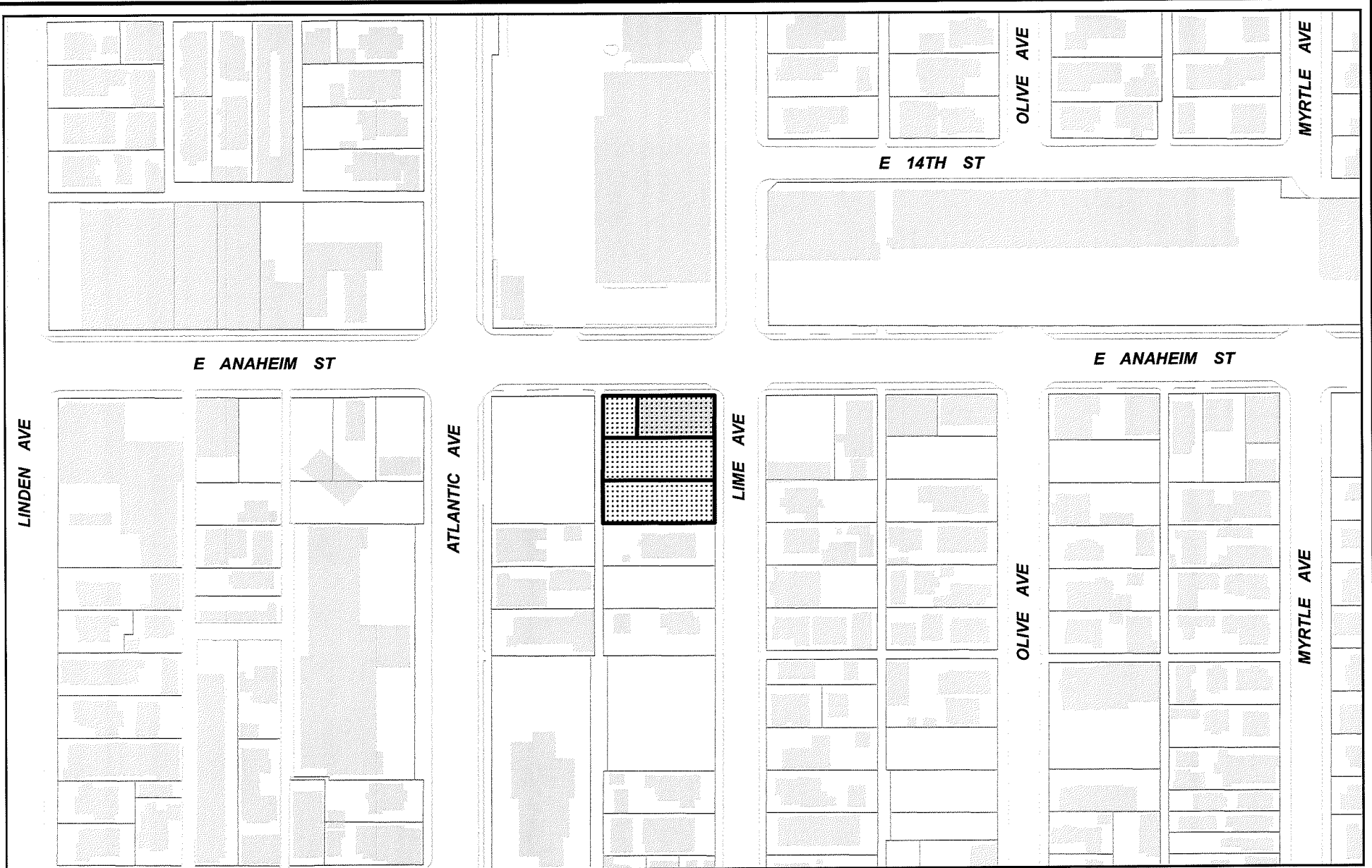
MPC:AJB:MFT

Attachments: Exhibit A – Subject Property Map
Exhibit B – Project Rendering
Exhibit C – Categorical Exemption CE 16-135

APPROVED:

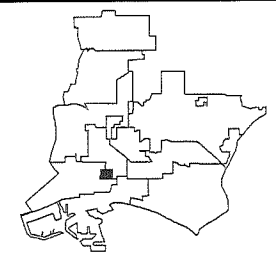
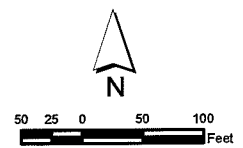


PATRICK H. WEST
CITY MANAGER



Subject Property:
 622-628 E Anaheim St/1225-1235 Lime Ave
 AIN: 7274-002-904 through 907
 Council District : 6

Exhibit A



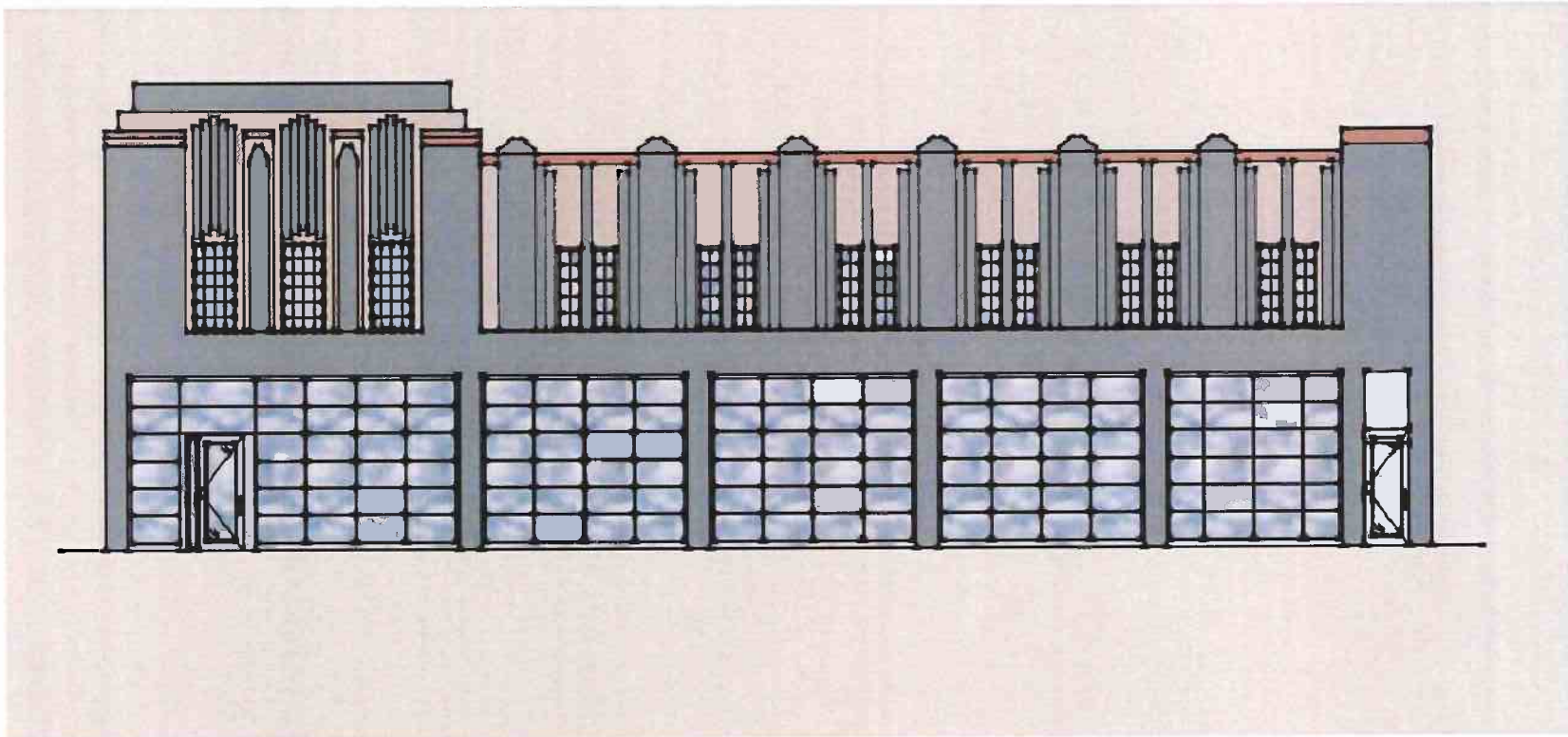


EXHIBIT B

SODA

2121 E. 7TH PL., SUITE 215
 LOS ANGELES, CA 90021
 T. 213.222.8557
 INFO@SODAISM.COM

626 Anaheim
 LONG BEACH, CALIFORNIA

FRONT ELEVATION
 NTS ①

A-2

PROJECT NO.	1601-LB	SHEET NO.
PROJECT ADDRESS:	RETAIL DEVELOPMENT 626 E. ANAHEIM ST. LONG BEACH, CA 90813	SHEET TITLE: FRONT ELEVATION

[9/23/2016]



EXHIBIT C
NOTICE of EXEMPTION from CEQA

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbsds.longbeach.gov

TO: [] Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

[] L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Project Title: CE-16-135

Project Location/Address: 622-628 E. Anaheim Street/1225-1235 Lime Avenue (Assessor Parcel Numbers 7274-002-904, -905, -906, -907)

Project Activity/Description: Transfer of ownership of approximately 19,500 square feet of surplus property owned by the City of Long Beach, located at 622-628 E. Anaheim Street/1225-1235 Lime Avenue (Assessor Parcel Numbers 7274-002-904, -905, -906, -907)

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: City of Long Beach

Mailing Address: 333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802

Phone Number: 562-570-6846

Applicant Signature: Mary Frances J

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: Planner's Initials:

Required Permits:

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15312, Class 12, Surplus Government Property Sales

Statement of support for this finding: This ownership transfer meets the requirements to qualify for a Class 12 exemption

Contact Person: Craig Chalfant

Contact Phone: 562-570-6368

Signature: [Signature]

Date: 5/25/16